IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: Gross	)	Art Unit: *3625*
	)	
Serial No.: *10/770,937*	)	Examiner: Rosen, Nicholas
	)	
Filed: *02/2/2004*	)	
	)	
For: *Method of providing access to playable media*	)	

Request for Reconsideration Under 37 C.F.R. § 41.52 /Remand Under 37 C.F.R. § 41.50(b)

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

Appellants hereby request reconsideration of the Decision of the Board of Appeals dated March 30, 2009 based on the analysis presented below. Moreover, based on the new arguments and interpretations raised by the Board in connection with the "monitoring" limitation of claim 1, and the additional limitations in claims 4 and 18, Appellant submits that it is entitled to a re-opening of prosecution to the extent the Decision is not modified.

Argument

The Board's decision in upholding the Examiner's rejection is in error for several plain reasons; reconsideration/remand is respectfully requested for the following reasons.

Claim 1

No teaching in the art of maintaining at least one playable media item in the subscriber delivery queue

First, the Board acknowledges (as does the Examiner) that Hastings et al. does not show this limitation of claim 1:

> **.....subscriber delivery queue is maintained automatically for the subscriber so as to include at least one playable media item which could be delivered to such subscriber**

The Board further (apparently) agrees that in Hastings one can manually add titles. From there, however, the Board goes on to misread Ostrom as supplying the missing limitation. To wit the Board relies on this teaching from Ostrom (emphasis added):

> 2. Ostrom discloses:
>
> Selecting from nearly 12,000 titles, Netflix subscribers create a list of movies in order of preference. Movie requests are generally fulfilled on a first-come, first-serve basis. If a top pick isn't available, Netflix sends the next movie on the list. While savvy subscribers reorder their preference list regularly to ensure that the new releases stay at the top, even that is not a guarantee... (Ostrom, p.1)

What the Board does not apparently realize is that Ostrom is *not* teaching anything beyond what is already shown in Hastings et al. The latter is directed to the operation of the Netflix website and Ostrom is merely cumulative and repetitive of Hasting et al.s' teachings.

The Board is requested to scrutinize this passage more carefully; all it confirms is that: 1) subscribers can create *lists*; 2) subscribers can re-order their preferences to

keep new releases at the top of the *list*; and 3) when a subscriber pick isn't available, Netflix sends the next one on the *list*. From a closer examination, therefore, all Ostrom is saying is that subscribers can manually adjust their lists. This is nothing different, however, from what Hastings et al. already discloses. The suggestion that Ostrom is teaching something new or different is completely mistaken.

What this means is that Board misapprehends what Ostrom is saying, and this can be seen with a simple example. Suppose the subscriber's list has one title; by the logic explained above, Ostrom says that Netflix "...sends the next movie on the list." But there is no "next movie" on the list, because the subscriber has not manually added one.

The Board confuses the *re-ordering* of the list with the act of making sure the list always "...**include(s) at least one playable media item...**" as set out in the claim. The two functions are not the same, because when there are no titles remaining on the list, the "re-ordering" described by Ostrom does not do anything, let alone ensure that another title is maintained by the system automatically.

Accordingly the Appellant submits that the Board, like the Examiner, is trying to impart teachings/capabilities to Ostrom that are simply not there. Thus the conclusion in the Decision which states:

> Appellant further argues that "Similarly Ostrom does not "automatically" modify the subscriber queue, this is something that user must do on their own again." (Appeal Br. 9) In light of the breadth of the claim, the Appellant's argument is not persuasive as to error in the rejection because we interpret Ostrom's disclosure of Netflix sending the next movie on the list as modifying the list by decrementing the list by one which decremented list becomes the new list.

is inapposite and does not even address the limitation in question. If the Board in fact interprets Ostrom in this fashion, the reference cannot meet the limitation, because the act of sending the next movie, even if it "modifies" the list, does not cause the subscriber delivery queue to be "*...maintained automatically for the subscriber so as to include at least one playable media item* which could be delivered to such subscriber."

In summary, the Board is addressing the wrong question, and the analysis presented for Ostrom concerning "re-ordering" is not even remotely relevant to the

limitation above as argued in the Appeal Brief and Reply Brief. Consequently, given this obvious error, Appellant submits that the decision cannot be supported.

No teaching, suggestion or motivation to modify Hastings et al.

Fundamentally this case is based on an argument that the Hastings et al. reference could/would be modified by a person skilled in the art to imitate the behavior of the claims at issue here. But "'[r]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.'" KSR., at 417-418 (citing In re Kahn, 441 F.3d 977, 988 (Fed. Cir. 2006)).

Appellant previously discussed the fact that there is no teaching, motivation or suggestion in the references to change the underlying behavior of Hastings et al. to include this type of operation. The Examiner and the Board do not dispute this lack of evidence. All that has been presented to date is a conclusory statement by the Examiner on page 6 of the Answer (that the Board does not apparently rely on) which states that the modification would be made for "*...the stated advantage of ensuring subscribers that they will receive new releases (or other preferred movies, presumably)...*" But here the "stated advantage" is taken directly from the Appellant's disclosure in hindsight (see page 8, l. 5 discussing new releases) and is an adulteration of what is taught in Ostrom; the latter is merely representing the prior art practice of subscribers *manually* reviewing their lists to ensure that good titles are manually added to the top of their list. It says and suggests nothing about ensuring that subscribers have at least one title maintained *automatically* for them on such list. Since this point has not been addressed by the Board in its decision, Appellant submits that it is appropriate to take notice of other factors that weigh against obviousness.

In addition, a proposed modification cannot be done which is incompatible with the teachings of the reference. MPEP 2143.01. Yet this is exactly what is happening here.

For example, in the MAX TURNS program set out in the reference, the user is *limited* to a certain number of titles which he/she can rent during a particular period of time. If the subscriber reaches such limit, it would not matter if they had another title remaining in their list or not; the system would not send it because they had exceeded

their limit. Thus, there would be little or no reason to incorporate the present invention, since the act of ensuring that the list has a title would run counter to the MAX TURNs program that the user is enrolled in. That is, after the user reaches the MAX TURNS number, it does not matter what else is in their list for that cycle, and they could be left without a new delivery for days or weeks. So it would serve little purpose to modify the MAX TURNS program in the manner called for in the claim.

A similar rationale applies to the other MAX OUT program described by Hastings et al. The premise of this system is that subscribers can only have a certain number of titles (e.g., typically three items) in their possession at any moment in time. There is a strong economic incentive for the operator of such system to deliver something less than the MAX OUT number at any moment in time if at all possible and still remain within the confines of the subscriber contract. Accordingly, in the prior art, if the subscriber forgets to add titles, the operator has little or no incentive to modify the list automatically to include a title as recited in the present claims. This limitation of the prior art is an inherent characteristic that is in fact exploited for commercial purposes.

In contrast, in the present invention, the subscriber is better protected because there is always at least one title maintained in the list for delivery. Operators have only recently realized that there is commercial value in maximizing customer retention capabilities since economic conditions have made it extremely difficult to add new subscribers.

For all of these reasons Appellant submits that the decision to uphold the Examiner is in error. The combination of Hastings et al. and Ostrom does not in fact yield the claimed combination, and this is abundantly apparent from reading the text of the Decision which does not even address the relevant limitations from claim 1.

No teaching in the references of monitoring to determine if an additional playable media item should be added to the subscriber delivery queue

The Board similarly seems to misread the gist of the argument here. Appellants submit that the new ground of rejection is based on a new claim interpretation not previously presented to Appellants during prosecution. In particular, the Decision states:

> Second, we agree with the Examiner that the mailing queue in Hastings, analogous to Appellant's Subscriber Delivery Queue, is monitored to the extent that Hastings determines or monitors the number of titles mailed to a customer in a given month (FF 6). That is, according to Hastings, the automatic return and shipping instructions are tied to MAX OUT or MAX TURNS rules which control the output of titles to the customer (FF 4, 6). This is similar to Appellant's Subscriber Delivery

This is in fact a new argument, which cites to Hastings at col. 10, ll. 52 - 64. The Examiner to date has never stated or argued that the act of determining the *number of titles mailed in a month* (such as for the MAX TURNS mode) constitutes "monitoring" for the purpose of determining "...if an additional playable media item should be added to the subscriber delivery queue." Instead, the Examiner had suggested that Hastings describes "monitoring" because he examines whether certain *specific* items are, or in the past have been, in the queue. See Answer page 21. These particular points were addressed in the Reply Brief and shown to be fallacious.[1]

The criterion of whether a rejection is considered "new" in a decision by the Board is whether Appellant has had a fair opportunity to react to the thrust of the rejection. In re Kronig, 539 F.2d 1300, 1303 (CCPA 1976). Here the Appellant has never seen this argument. The Examiner has not made this argument anywhere in the Answer or prior prosecution, so of course there was no opportunity to no rebut such in the Appeal Brief or the Reply. Remand is thus appropriate.

[1] The Appellant pointed out that the "monitoring" to see what items may have been in the queue – as is argued for Hastings - is nonetheless never tied to the function of "...determining if an additional playable media item should be added to said subscriber delivery queue." Thus, there is no cause and effect in Hastings that meets the language of the claim; the monitoring is never done to render this type of decision.

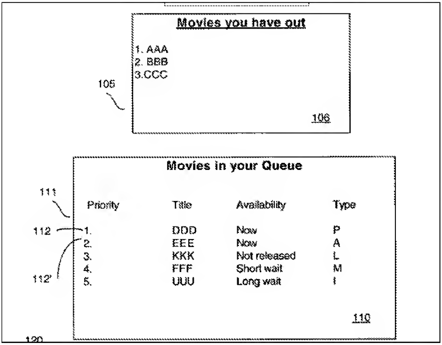
Nonetheless in an effort to be complete, since the Board does not rely on the Examiner's argument on page 21, but instead interprets the claim differently, the Appellant also addresses the new argument, namely that the "MAX TURNS" mode of Hastings et al. discloses the limitation. In this regard the Board argues:

> Thus, in the MAX TURNS mode, we read the automated determination as to whether the "Max Turns" limit has been met for the current cycle (FF 6) to be monitoring because the number of titles that have been mailed out is monitored. Further, this monitoring process results in a determination of whether further additional playable media should be mailed, e.g. added to the subscriber delivery queue for mailing when the current "Max Turns" limit is overridden to allow additional movies to be mailed to customer (FF 6). Moreover, in the case where the provider

Again this new interpretation was never raised by the Examiner. The claim actually reads:

> **.....monitoring said subscriber delivery queue in accordance with said queue replenishment control rules to automatically determine with said first computer if an additional playable media item should be added to said subscriber delivery queue**

The Board states that it can interpret the term broadly, but it must still adhere to the principle that it can only be based on the broadest reasonable construction 'in light of the specification as it would be interpreted by one of ordinary skill in the art.'" Phillips v. AWH Corp., 415 F.3d 1303, 1316 (Fed. Cir. 2005) (en banc) (quoting In re Am. Acad. of Sci. Tech. Ctr., 367 F.3d 1359, 1364 (Fed. Cir. 2004)). In this respect as shown in the specification the *subscriber delivery queue*, as set out in this limitation, corresponds generally to the list 110 shown in FIG. 1, which list the claim also says is set up in part by the subscriber. This is different from the "Titles Out Queue" 106, which represents the titles that the subscriber has received or is going to receive. See below:



Titles that are in fact <u>already delivered</u> to the subscriber show up in "Titles Out" queue 106 at the top. Titles that the subscriber <u>wants</u> are shown in a separate queue 110 (bottom) which is referred to in the specification as the "Subscriber Delivery Queue" (page 9) or in other places, "Subscriber Selection Queue" (page 11). It is this latter queue which is "monitored" according to the claim, not simply the "Titles Out" queue. Thus, regardless of anything else the Board may determine, it cannot ignore this aspect of the claim, and the correct interpretation of "subscriber delivery queue."

In the Board's FF #6, they expressly indicate that they are relying on this portion of <u>Hastings et al</u>.:

> If, in step **612**, a determination is made that the "Max Turns" limit has been met for the current cycle, i.e., <u>in the present example, four movies **512** have been mailed to customer **502** in the current month</u>, then in step **614** a determination is made whether to override the current "Max Turns" limit. If so, then in step **616**, a surcharge is applied to customer **502** and control returns to step **608** where the additional movies **514** are mailed to customer **502**. If not, then in step **618**, a determination is made whether to continue the subscription service. If so, then no additional movies are mailed to customer **502** during the current cycle, e.g., the current month, and the control returns to step **610**. If, in step **618**, a determination is made that service is not to be continued, then the process is complete in step **620**.

The problem with <u>Hastings et al</u>. is that there is no way to determine *what* queue he is talking about, to even know which of the two separate queues as set out in the

current disclosure it might possibly relate to. Indeed, Hastings only has one mention of a queue in the entire body of the original disclosure:

> "...Thus, the item selection criteria define a customer-specific order queue that is fulfilled by provider 104." See col. 4, ll. 56 – 58.

All the passage in FF#6 states is that whatever queue Hastings et al. happens to have (again it is not well described) he sends out movies from such until the MAX TURNS limit has been reached. If the subscriber wants another title beyond that, Hastings et al. imposes a surcharge, and sends another one from that *list*. But note very clearly that Hastings et al. is not monitoring the *queue* to see if new titles should be added *to such queue*; he is merely "monitoring" see if another of the titles *already in the queue* should be sent out. If the queue was out of movies after shipping the last title, there is nothing in Hastings et. al. which teaches or suggests that the system then acknowledges this fact and determines how to add a brand new title on its own that can then be shipped to the subscriber.

Thus, Hastings et al.'s operation of shipping titles from the list, and then shipping another one if necessary from that same list, does not constitute the type of monitoring set out in the claim, which it is noted, results in the automatic determination of whether "*...an additional playable media item should be added to said subscriber delivery queue*." Appellant submits that this distinction was not lost on the Examiner, and this is why it was not used by him as a basis for the original rejection.

Nonetheless to the extent the Board insists on maintaining the rejection of the claim using this new rationale, Appellant is entitled to a re-opening of prosecution under 37 C.F.R. § 41.50(b) and remand of the case to the Examiner, so that Appellants may amend the claims and otherwise respond to the outstanding rejections in a manner consistent with the new claim construction adopted by the Board.

Claims 2, 3, 4, 5, 6, 7, 8, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34

These claims are not argued separately, but should be patentable based on the same reasons articulated above for claim 1.

Moreover, for claim 4 the Board introduced a new grounds for rejection. The Examiner's Answer (page 6) states that:

> As per claim 4, Ostrom teaches the additional playable media item being inserted in a subscriber-defined delivery order position (ibid.), and given the teaching of Hastings of a computer carrying out operations (column 11, line 49, through column 13, line 53), doing this automatically is held to be obvious and implied.

The Examiner argued that Ostrom mentioned manually adding new titles to the top, and the "automatic" implementation of this was obvious. In other words, the Examiner argued that adding to the "top" was sufficient. This was the point addressed by the Appellant in the main brief as well (see page 12) where he noted that Ostrom does not define the entry point of the title.

The Board now rejects the claim based on a different rationale:

> However, the claims only require the new ordered list be one in number playable media item. Thus, the question of order becomes moot when the claim is read as having only one media in the list. In light of the

The Board's argument relies on an entirely different line of logic, namely that simply putting in a single title in an empty queue practices the claim. Nonetheless the claim was never treated or rejected on this basis, so the Board's analysis did not give any opportunity for Appellant to consider this position in prosecution. On this basis the Appellant requests a remand for this claim.

Claims 9 - 11, 12, 13, 14 and 16

The Board did not apply KSR correctly

For each of these claims the Examiner relied on a combination of Hastings et al. taken with another reference. In each case the analysis is faulty because it purports to rely on the KSR Intl' Co. v. Teleflex Inc. 127 S. Ct. 1727 (2007) opinion, but fails to consider the full scope of the ruling. For example, the Board appears to posit the test as merely whether the Examiner has:

> "...provided some articulated reasoning with some rational underpinning for why a person with ordinary skill in the art would modify Hastings as proposed..." See page 17 of the Decision.

But this is clearly not the test, and the KSR decision makes no such suggestion that an obviousness rejection can be sustained merely because the Examiner can articulate reasons for his opinion. That much is a prerequisite, but is not determinative.

In short, Appellant maintains that the Board cannot simply rubber stamp the Examiner's rejection based on the fact that the Examiner took the time to explain himself. Examiner Rosen is an experienced and highly competent Examiner, and one would expect nothing less from him. But that is not the end of the story. The Board must evaluate the underlying logic of the Examiner's position and see if it makes sense in light of the guidelines set out in KSR, which furthermore require that any such analysis be explicit. None of this analysis, however, is present in the Decision.

In fact, the Applicant pointed for each claim why the reasoning was superficially attractive, but in reality inaccurate for each of the claims. Yet, the Decision makes no effort to address these rebuttals, and instead recites conclusory statements with no attempt to probe or defend the underlying arguments made by the Examiner.

Furthermore Appellant further notes that KSR specifically still cautions against the use of hindsight to manufacture obviousness rejections. Here the bulk of the obviousness rejections are based on purported "obvious advantages" that are for the most part simply parroting of parts of the Appellant's disclosure. This is classic hindsight analysis that uses the specification as the primary if not exclusive source of motivation to combine.

Specific error for claims 9 - 11:

Looking at each claim specifically, claim 9 for example states that there is a step of:

> sending a notification to the subscriber after step (c) when said queue replenishment control rules determine that said subscriber delivery queue should be modified

The Examiner and the Board rely on generic citations to references like Postelnik, which the Board asserts "*...teaches the general concept of sending a notification back to a user as to a change in the status of an order.*" But looks can be deceiving - Postelnik is far divorced from the context of the present invention, a fact that has been pointed out several times. In Postelnik both customers and operators, of course, would benefit from a notification about a change in an existing order.

This logic, however, does not translate well – if at all - to the systems and modes of Hastings et al., for many of the reasons already mentioned above. Namely, in situations where a MAX TURNS or MAX OUT contract was in place, the prior art operators showed no interest in alerting subscribers to their diminishing titles status, because to do so ran counter to their economic livelihood. This points to the conclusion, as well, that the claims are in fact "unpredictable" variations, because their benefit was not understood, or ran counter to normal operator economic understandings of the time. In sum, the systems of the times did not address long felt needs of subscribers, as noted in the specification at page 3, ll. 26 – 32.

In this respect the Board cannot ignore the other aspects of the KSR decision, which states (emphasis added):

> Often, it will be necessary for a court to look to interrelated teachings of multiple patents; *the effects of demands known to the design community or present in the marketplace*; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, *this analysis should be made explicit.* See In re Kahn, 441 F. 3d 977, 988 (CA Fed. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness").

If the PTO is to rely on KSR then it must consider that the test set out in *this* passage of the Supreme Court case yields a result that is 180 degrees opposite from

that set out in the present Decision. That is apparent for several explicit reasons:

1) the Netflix commercial DVD service, which is the basis for the Hastings et al.[2] reference, had been in existence for more than 4 years when Appellant filed the present application;
2) the Postelnik reference (and other similar references) had been available for several years as well;
3) the "obvious advantages" identified by the Examiner (assuring a subscriber of the imminent shipment of desired items, or enabling a subscriber to modify his preference list to receive a more desired item) were demand factors that were plainly extant during this entire period as well;

Yet despite such stated obvious advantages, and apparent demand for such features - which had existed for years - the commercial services, including Netflix, did not implement the features set out in claim 9. Appellant submits that these actual *facts* – which are far superior to speculations on what a person skilled in the art may or may not have found obvious – demonstrate that despite such "obvious advantages" the invention of claim 9 was in fact not obvious to skilled artisans.

Consequently, even if the Examiner's articulation of the supposed "advantages" is adopted to be true, it does not support the premise that the claims are obvious; in fact, it points to exactly the opposite. Given this contradiction, Appellant submits that the underlying conclusion of obviousness is clearly in error.

Furthermore, the Board did not take note that claim 9 is worded in prospective terms - not in past tense terms to relate to an event that has already occurred. Thus it states that the notification to the subscriber is sent *when* said queue replenishment control rules determine that said subscriber delivery queue *should* be modified. In other words, it does not say that the subscriber is being informed of a change in their order which has already occurred; it is referring to a change that has not happened, but which is proposed.

Claims 10 and 11 are not argued separately from claim 9, but were erroneously found obvious for at least the same reasons.

Specific error for claims 12, 13, 14 and 16:

For these claims, Applicant makes the same observation as above. The Board never addresses the faults pointed out in the underlying logic of the Examiner's conclusion, and merely states that because the Examiner articulated a reason, this is sufficient. But the rejections are clearly in error as pointed out in the Appeal and Reply briefs. The selective cherry picking - incorporation of features of the references to yield the claimed combinations is improper as no such functions were ever adopted in a real commercial practice of the inventions.

Moreover as noted, for each of the claims the Examiner and the Board are clearly using the present disclosure as a blueprint as evidence of "obvious advantage," a strategy which is still unacceptable even after KSR ("A fact finder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon ex post reasoning.") In each of these instances of "advantages" the Examiner and the Board are clearly relying exclusively on teachings of the present disclosure.

To wit: for claim 12, the Board relies on the teaching from Jacobi of sending a link with an embedded URL "*...for the obvious advantage of profiting from selling (or renting) items to the subscriber that the subscriber is likely to be interested in.*" Again, this simplistic analysis breaks down when one considers the fact that this alleged demand and advantage had been around for years. The absence of any commercial implementation speaks volumes to the fact that the claimed invention was not obvious at the time, particularly in situations where profitability is a function of how many titles the subscriber uses from the operator. Similarly Applicant notes that the "advantage" cited by the Examiner of is taken directly from the Applicant's disclosure at page 15, where it was noted that:

> "... **this type of feature can be used to further improve the overall experience by the subscriber, who is then ensured to receive media that is more tailored to their particular tastes.** "

For claims 13/14, the Board relies on the Examiner's logic as concerns Davis/Nakagawa respectively. Again, despite the stated "obvious advantage" of giving a subscriber the option (claim 14) and time (claim 13) to make modifications, these approaches were never adopted in a commercial system. Thus, all evidence points to

(..continued)

[2] This can be confirmed easily by visiting such site and noting that it indicates that it is covered by the

the conclusion that they cannot be predictable variations. Similarly Applicant notes that the "advantage" cited by the Examiner for these claims is paraphrased directly from the Applicant's disclosure at page 15:

> **"...This allows for subscribers to further designate a class of selections for which they are not entirely sure that they want shipped, but which can wait in abeyance in the queue until they are confirmed. "**

Claim 16 is a dramatic example of how the Board's decision does not adequately scrutinize the logic behind the rejection. [3] The original rejection relies on a purported teaching from Kamel of a trigger event "...associated with a quantity of playable media items remaining in said subscriber delivery queue." The Kamel reference is directed to managing promotional *telephone message* queues, and uses something dubbed "economic order quantities" to specify a number of promotional messages desired for each user queue.

As the Appeal Brief explains, the application (promotional telephone messaging) has absolutely nothing to do with the present field of art, is extremely tangential, and would never be considered by a person skilled in the art of the present invention. It is not "analogous" prior art by any stretch as required by MPEP 2141.01. The classification of the Kamel reference, in US Class 379, is in fact identified as "telephonic communications." It has nothing to do with the Internet, e-commerce, online business methods, or anything remotely close. It is far removed from the present subject matter which is listed under US Class 705, a fact which is also relevant to the question of analogous art.

Notably, neither the Examiner nor the Board have addressed this fundamental flaw in the reference, which was noted in the Appeal Brief, and effectively renders it uncombinable with Hastings et al. Instead, the Examiner and the Board take it as a given that every piece of prior art in existence is relevant prior art under § 103. That is not the case.

(..continued)
claims of the Hastings et al. patent.

[3] To the extent the Decision argues that Kamel is cumulative, this point is not well understood. Hastings says nothing about considering the number of titles *in* a queue; it merely has rules for how many titles can be out at a time, or how many were already sent. It never makes any mention of the number of titles in the queue being relevant to anything. Therefore the Board's decision, to the extent based on such argument, would be even more erroneous.

Moreover, as with the other claims above, the Appellant notes that the purported "advantage" offered by Kamel was again apparently known for several years. If that is true, then it stands to reason that it would have been readily adopted in online commercial DVD rental systems. It was not, and, again, the only evidence behind the Examiner's "advantage" of "...*assuring an adequate quantity of playable media items*...." is borrowed directly from the Applicant's own disclosure.

Again, too, Appellant pointed out that the Hastings et al. reference teaches directly away from this type of operation, since it relies on both MAX TURNS and MAX OUT modes. These types of systems by themselves effectively rely on subscriber apathy or lack of time to optimize profitability. A person skilled in the art making a system according to such logic would be led away from installing logic (such as claimed in claim 16) that in fact alerts subscribers to use their accounts more frequently.

Claims 17, 18 and 19

The Board states that it believes Hastings et al. automatically adds titles to the subscriber queue, citing finding of fact 5 which is a quote from the reference:

> Provider 504 attempt to provide movies to customer 502 that best satisfy the preferences indicated by the movie selection criteria.

The problem is the Board does not address the uncontroverted position of the Appellant, namely that this section is not discussing an item *recommendation* system as set out in these claims. The system in Hastings et al. merely states that it attempts to provide movies that satisfy the preferences expressed by customers.[4] There is no "determination" of any kind, it is merely supplying whatever titles the customer wants according to the criteria specified by him/her.

The problem with this approach is that if there are no movies that meet the user's criteria (e.g., Westerns with John Wayne) nothing is added to the queue, and thus nothing is shipped either. The Hastings et al. system makes no mention of what to do under such circumstances.

In contrast, as noted above, the term "recommender" or "recommendation system" is a specific term of art that is known to refer to systems that make predictions

[4] Note that the commercial DVD by mail rental system implemented by Netflix at the time of the present filing - and cited by the Appellant - did offer recommendations (through the Cinematch engine discussed at page 17, l. 29) but this reference was not applied against these claims by the Examiner.

about what users are going to like. Such systems use correlations between items or users, and thus do not require (but can certainly use) any user specified criteria per se.

Morever, as noted above, there is no indication anywhere in Hastings et al. that the titles are actually placed automatically into a subscriber delivery queue. The latter, as explained above, represents movies that are supposed to be shipped to the subscriber when they are available. The passage cited from Hastings et al. merely states that titles are indeed provided (shipped/delivered) to the customer based on the latter's preferences. Thus, Hastings et al. does not provide any details by which the Board can determine that the titles are indeed treated as set out in these claims, because he makes no mention of the format of any queues, let alone if there are two different queues (a subscriber delivery queue and a titles out queue – see above).

For claim 18: the Board states that the Appellant is arguing limitations that are not in the claim. This is simply inaccurate. As described in the preferred embodiment, when a movie is at the *top* of the subscriber delivery queue, it is indeed now designated as the "next to be delivered," since it is now the highest ranked title (assuming it is available). See page 8, ll. 10 – 22. Thus the claim language is completely consistent and there is an inherent relationship between these two concepts.

The Board's comment that "...in the case of an empty Queue, the next recommended title in Hastings would be the next delivered" makes a gigantic (inaccurate) assumption that Hastings et al. would in fact send anything after the Queue is empty. It does not, and such fact is already conceded in the current record – the Board is in fact relying on a modified version of Hastings et al. to meet such limitation.

Furthermore the Board's rationale for claim 18 based on Hastings et al. is not the same as that advanced by the Examiner, and hence is a new grounds of rejection. The Examiner had cited the Ostrom reference against the claim:

> Finally, Appellant argues that Hastings says nothing about bumping a recommended title to the top of the queue. Examiner agrees, which is why Ostrom rather than Hastings is cited in the rejection of claim 18.

See Answer, page 25. The Board now proposes a new interpretation for Hastings et al. (that in an empty queue state it meets the claim language) that it purports renders

claim 18 obvious. Since the rejection was not made before, Applicant is entitled to a remand of the application.

Claim 35

The claim states that the monitoring operates by "….analyzing the content and/or characteristics of other playable media items *within said subscriber selection queue*…" to determine what changes should be made, if any to the same. In other words, if these titles are in the queue in this sequence/order:

T1

T2

T3

T4

The determination of *what* to add to the subscriber selection queue is based on analyzing the content and/or characteristics of these titles that are already there. For example if the titles are all of one particular genre, the system may decide to add another title that is an entirely different desired by the subscriber (see page 14, ll. 25 - 30). This avoids redundancy and potential duplication of content.

The Board in this instance plainly misapprehends the language; the Decision states:

> The Examiner found that because Hastings discloses selection criteria specifying preferences by a customer so as to automatically select particular titles that satisfy the movie selection criteria, Hastings thus must examine titles to be sure that they meet the selection criteria. (FF 7) In light of the

It is difficult to see how any of this discussion relates in any way to the claim language, or the step of examining the titles in the subscriber's <u>queue</u> to analyze their content and then suggest changes. All the Examiner found was that <u>Hastings</u> allows subscribers to express preferences, and then titles (not already in the queue) are selected based on such preferences. In other words, the subscriber in <u>Hastings</u> gets to control what goes into the queue from the universe of available titles. But there is absolutely no mention of a step of examining the content of the subscriber's *queue* – after it is constituted - to make changes of any kind to the same.

The Board can plainly see that the selection of new titles from the universe of available titles based simply on customer preferences may be entirely different from that which is based on considering the existing queue content. Appellant submits that there is simply nothing cited by the Board or the Examiner that even relates to the claim language. The citation in fact deals with an entirely different function.

Claim 36

For claim 36 Appellant submits that the Board's statement is in error:

> Claim 36
>
> We also affirm the rejection of dependent claim 36 since Appellant has not challenged such with any reasonable specificity (see In re Nielson, 816 F.2d 1567, 1572 (Fed. Cir. 1987)).

This is entirely inaccurate, and Appellant is unsure how much more specific it could have been in pointing out the Examiner's error. Applicant *specifically* pointed out that the claim recites the limitation that it is using a "… *recommender* system to identify a media item that is likely to be of interest to the subscriber." As noted several times in the Appeal Brief and the Reply brief, Hastings et al. does not teach or suggest a *recommender* system making recommendations. The term "recommender" is a specific term which is understood by those skilled in the art to mean a system that uses some form of prediction. Hastings, in this respect, does not "predict" anything; it merely follows specific directions on titles, actors, etc. Absent some indication that it generates a prediction it cannot possibly be a recommender, and this fact has been pointed out several times.[5]

This description of Hastings and its limitations was not challenged by the Examiner or the Board. On this basis Appellant submits that there is nothing to support a rejection of claim 36 on the present record.

[5] Again, as noted earlier, the commercial site operated by Netflix uses a recommender, but was not applied against the claims.

Based on the arguments and law discussed above, Appellant requests a rehearing and/or remand of the application for further prosecution.

Respectfully submitted,

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